

**DIRECT TESTIMONY OF STEVEN J. LEVITAS  
ON BEHALF OF  
THE SOUTH CAROLINA SOLAR BUSINESS ALLIANCE  
EXHIBIT SJL-9**

## **Colorado RFP Case Study – Executive Summary**

The Colorado RFP process is inextricably linked to Colorado's IRP process (referred to as ERP) and must be understood within the context of the overall ERP process, including the broader policy issues and consensus stipulation informing the design of the RFP and the selection of resources.

The ERP/RFP Process proceeds in a two separate phases. The follow provides the timeline and details of the recent ERP/RFP process.

### **1. Phase 1 Decision – April 28, 2017**

- a. Approved two resource scenarios (0 MW resource need and second scenario showing approximately 400 MW of need based on updated load forecast)
  - i. These two resource scenarios drove the structure of the RFP
- b. Approved evaluation methodology, including the inputs and assumptions to bid evaluation models (e.g., natural gas prices, coal prices, carbon costs, discount rates, and integration costs for intermittent resources).
  - i. Importantly, Colorado commission approved use of carbon price for modeling purposes.
- c. Confirmed IE's role which was primarily:
  - i. Provide a report to the Commission, containing an analysis of whether Public Service conducted a fair bid solicitation and bid evaluation process, with any deficiencies specified in the report.
  - ii. Review the inputs and outputs from the bid evaluation modeling, including in the report an assessment as to whether the resulting outputs are feasible, and alerting the Commission and parties through the report where there may be deficiencies in the outputs.

### **2. Stipulation – August 29, 2017**

- a. Stipulation reached between PSCo and diverse set of stakeholders
- b. Specified that PS would model a third resource scenario—the CEP Portfolio, which involves retirement of two coal units (Comanche 1 and 2).
  - i. The Company would compare the costs of the CEP Portfolio against a baseline portfolio, where Comanche 1 and 2 are not retired early, to determine the cost-effectiveness of the CEP Portfolio.
    1. *If the CEP Portfolio keeps customers "neutral" or results in savings for customers on a present value basis, the Stipulation proposed that Public Service would present the CEP Portfolio(s) in its ERP Phase II 120-Day Report.*
- c. Stipulation specified utility ownership of a portion of resources.
  - i. 50% of the renewable resources to be added, and 75% of the dispatchable and semi-dispatchable resources to be added.

- ii. PS Co also agreed not to bid into the CEP any new self-build projects other than for gas-fired projects.

**3. Phase II Decision – August 27, 2018**

- a. Approved CEP Portfolio that resulted in:
  - i. Retire Comanche units 1 and 2
  - ii. Purchase of two existing natural gas-fired combustion turbine (CT) plants (383 MW total) previously under contract;
  - iii. Acquisition of 1,131 MW of new wind resources, 500 MW of which would be owned by Public Service;
  - iv. Procurement of 707 MW of new PV solar resources; and
  - v. Development of 275 MW of new battery storage.
- b. Colorado commission acknowledged the value of maintaining both utility ownership of generation resources and ownership by Independent Power Producers (IPPs) in the resource portfolios developed for presentation in Phase II. The Commission recognized the particular importance of utility ownership in the voluntary proposal to retire Comanche units 1 and 2
- c. Concluded that early retirement of Comanche units 1 and 2 is in the public interest because it allows Public Service to take advantage of the exceptionally low bid prices from its competitive solicitation in this ERP. The competitive response to the RFP far exceeded all previous ERP solicitations and provides a rare opportunity to capture some of the lowest resource bids ever experienced in Colorado